

PUBLIC EMPLOYEES' RETIREMENT BOARD
100 N Park, Rm 201
Helena MT 59620

Board Legislative Committee Minutes
Tuesday, January 13, 2009
1:30 pm

Committee Members: Ray Peck, Chair
John Paull (via telephone)
Terry Smith (via telephone)

Staff: Roxanne Minnehan, Melanie Symons, Scott Miller, Renae Deadmond, Kim Flatow, Barbara Quinn and Kathy Samson, MPERA staff. Dianna Porter, PERB member (via telephone).

Other Attendees: Ty Cobb, W.G. Gilbert, Marty Malesich, Jim McIssac and Tom Straugh from the City of Dillon

Approval of Legislative Committee Meeting Minutes

The minutes of the open meeting of December 30, 2008 were presented.

Motion: Mr. John Paull moved to approve the minutes of the December 30, 2008 PERB Legislative Committee Meeting.

Second: Mr. Ray Peck

No public comment.

Vote: 2/0, Mr. Smith was not present at this time

Public Comment – Mr. Gilbert, City Attorney for Dillon; addressed the Board. The City of Dillon has been working with Sheri Heffelfinger and Representative Jeffrey Welborn. They are drafting LC1018 to move the City's local police to the state retirement system. The City of Dillon's local police fund has been severely unfunded. The bill is currently written to adopt a separate section of the law, for chapter two of the retirement code. By going into chapter two this could prevent any cross contamination for the systems. It will be upon sections 19-3-201 through 19-3-204 – contract entry provisions. It would allow the City with 2/3 vote of the active police officers to enter into a contract with PERB.

The City then would be allowed to transfer its police department into the State's system per the contract provisions. This would allow the City flexibility to enter the PERS or MPORS systems. The bill also provides a transfer of assets.

The current retirees would be paid out of PERS but with the same payout as their current plan provides. This bill addresses the issue of service credit and membership service, the local plan does not contain the provisions for the accrual of benefits. If a member terminates and refunds before completing 10 years of service, the member receives only the member contributions. If the member terminates and refunds after 10 years of service, interest is included.

The bill also addresses the money needed to pay for the contract. The City can tax as an additional levy exempt from the provisions of I105 maximum levy limit. The City can issue general obligation bonds for approximately \$1Million at 3-5%. The contract revises the length of time to pay off the City of Dillon's obligation to the retirement to the retirement system from 10 to 30 years.

Mr. Gilbert stated the City may still want to retain their retirees; however, that is not included in the bill draft. Mr. Miller stated he consulted ICE Miller, PERB's tax counsel, it is possible to split the trust; however, the trust can not accept any unqualified plans. Tax counsel was very concerned and stated we should request the City of Dillon to request a determination letter from the IRS to ensure they are a qualified plan.

Motion: Mr. John Paull moved to remain neutral on City of Dillon's bill as a committee.

Second: Mr. Ray Peck

No public comment.

Vote: 2/0, Mr. Smith was not present at this time.

Executive Director's Report

Board Legislation – Status/Sponsors

HB12 Working Retiree Bill

HB12 had its hearing before the House State Administration Committee, Tuesday, January 13. Representative Franke Wilmer and Mr. Miller testified in support of this. Tom Bilodeau, Tom Schneider and Doug Neil spoke as proponents. The bill was well received with some clarifications questions. The questions centered on the bill only requesting employer contributions and the fact that working retirees are not receiving service credit to enhance their benefits. No action was taken at this time.

HB109 General Revisions Bill

Is scheduled for its hearing before the House State Administration Committee, Monday, January 19.

HB170 Qualification Bill

Is not scheduled for a hearing at this time.

Review of Introduced Bills

HB31

This is the bill to include dispatchers in SRS. Rep. Franke Wilmer is the sponsor. It is scheduled for hearing before the House State Administrative Committee Wednesday, January 14. The Board is supporting this bill.

HB32

HB32 increases the benefit factor in FURS from 2.5% to 3%. Rep. Franke Wilmer is sponsoring this bill for the firefighters. The firefighters are discussing dropping this bill, but it is still active on LAWS website. The Board is opposing this bill.

HB33

This legislation includes overtime in the definition of annual compensation in FURS. The firefighters are also discussing including sick leave. This bill is scheduled for hearing Thursday, January 15, before the House State Administrative Committee. The Board is supporting this bill.

HB124

This legislation allows FURS members who did not elect participation in the Guaranteed Annual Benefit Adjustment (GABA) to reverse the decision. This bill is scheduled for its hearing Thursday, January 15, before the House State Administrative Committee. Mr. Doug Neil informed Ms. Minnehan that they asking this bill be postponed for its hearing, due to a possible amendment. The Board is opposing due to qualification issues.

HB142

This legislation is proposed by the Governor's Office. It removes the trigger which terminates the increase in employer contributions in PERS and SRS when the systems' unfunded actuarial liability can be amortized over less than 25 years without the increased contributions. It has not been scheduled for a hearing at this time. The Board is supporting this bill.

HB17

This legislation is to revise requirements for administrative rules. Representative Ken Peterson sponsors this bill. It has been scheduled for hearing Wednesday, January 14, before the House State Administrative Committee. Ms. Symons explained that this bill removes the word “reasonable” from the requirement of reasonable necessity to change or add a rule as of October 1, 2007.

Motion: Mr. John Paull moved to remain neutral on HB17 as a committee, providing informational testimony if needed.

Second: Mr. Terry Smith

No public comment.

Vote: 3/0

HB117

This legislation is to revise procedure for review of administrative rules. It has been scheduled for hearing Wednesday, January 14, before the House State Administrative Committee. This bill provides a program of two attorneys and staff to review rules dating back to October 1, 2007. Ms. Symons expressed concern is separation of powers between the branches of government.

Motion: Mr. John Paull moved to remain neutral on HB117 as a committee, providing informational testimony if needed.

Second: Mr. Terry Smith

No public comment.

Vote: 3/0

Review List of Un-introduced Bills

An updated listing of introduced and un-introduced retirement bill requests was provided.

LC0745

This bill from Senator Jim Keane. The bill addresses the process for appealing a public retirement board’s determination. This bill is currently on hold.

LC1018

See public comment.

Other Potential Legislation

Ms. Flatow informed the Committee that Representative Wayne Stahl has approached her with the idea for a bill requiring all new hires join a DC Plan. He also wants to provide a new election and a bonus to join DC. Staff will arrange a meeting with Rep. Stahl.

Board Legislative Committee Meeting Schedule

Weekly meetings are scheduled each Tuesday at 1:30 pm through the legislative session at 100 N Park Ave, Helena, MT 59620.

Meeting adjourned 3:00 pm by Mr. Ray Peck, Chairman.